

CIRCULAR LETTER

To

ALL NON-BANK MONEY CHANGERS IN INDONESIA

Concerning : The Procedure for Licensing, the Application of Know Your Customer Principle, the Supervision, Reporting, and Sanction for Non-Bank Money Changers

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In regard to the stipulation of Bank Indonesia Regulation Number 6/1/PBI/2004 dated January 6, 2004 concerning Money Changers (the State Gazette of the Republic Indonesia of 2004 Number 2, Supplement to the State Gazette of the Republic of Indonesia Number 4354), it is deemed necessary to stipulate the procedure for licensing, the application of Know Your Customer Principle, the supervision, reporting and sanction for non-bank money changers as follows:

I. PROCEDURE FOR LICENSING

A. Business License for Non-Bank Money Changers

The procedure for licensing and opening of business operation for Non-Bank Money Changers, hereinafter referred to as PVA BB, is regulated as follows:

1. The Applicant shall submit a written application for a business license to Bank Indonesia using the form exemplified in Appendix 1.
2. The application for a business license as referred to in Paragraph 1 must be completed with the following documents:
  - a. a photocopy of the statutes / establishment certificate and its alteration as a Limited Liability Company legal entity that has the objective to perform the activity of buying and/or selling of Foreign Bank Notes (UKA) and buying of Traveller's Cheque (TC);
  - b. a photocopy of a license for the Limited Liability legal entity from the Minister of Justice and Human Rights;

c. a list of ...

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- c. a list of managerial and ownership composition of the company and a statement with a revenue stamp from the managers and shareholders that the managers and shareholders are not listed as having drawn bad cheque/bilyet giro (non-negotiable clearing payment orders) and do not owe bad debts as listed in the administration of Bank Indonesia.
  - d. a photocopy of a valid self identification (KTP) in the name of each manager and shareholder;
  - e. the company balance sheet signed by the managers;
  - f. a photocopy of paid-in capital receipt in the name of the company in a commercial bank;
  - g. a copy of Personal Tax Payer Identification Number (NPWP) in the name of the company;
  - h. a photocopy of ownership evidence of the business office in the name of the managers and/or the shareholders, or a leasing/contract/usage agreement of the business location that is legalized by a notary public or notarial made;
  - i. a photocopy of statement of domicile of the company/business location from an authorized body.
3. The business license application as referred to in Article 1 shall be submitted to the following address:
- a. Bank Indonesia cq. The Directorate of Monetary Management, Jalan M.H. Thamrin No. 2, Jakarta 10010, for the applicant with a domicile within the working area of Bank Indonesia Head Office (KPBI); or
  - b. The regional Bank Indonesia Office (KBI) with reference to the working area as referred to in Appendix 2, for the applicant with a domicile outside the working area of KPBI.
4. In the case of a failure to complete the documents as referred to in number 2, Bank Indonesia shall give a written notification to the applicant requesting the completion of the intended documents.

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5. In the case of a completion of the documents as referred to in number 2, Bank Indonesia shall conduct an investigation in order to validate the truthfulness of the documents as referred to in point 2.c.
6. In the event that the verification process to check the truthfulness of the documents as referred to in number 5 fails to meet the requirements, Bank Indonesia shall give a written notification to the applicant requesting a change of particular managers and/or shareholders proposed by Bank Indonesia complete with reasons for the dismissal.
7. In the event that the verification process to check the truthfulness of the documents as referred to in number 5 meets the requirements, Bank Indonesia shall ask the applicant to exhibit the original documents in order to correspond them with the photocopied documents as referred to in number 2.
8. The verification of original documents as referred to in number 7 shall be executed at the following address:
  - a. Bank Indonesia, The Directorate of Monetary Management cq. Department of Money Market Administration (AdmP), Jalan M.H. Thamrin No. 2, Jakarta 10010, for the applicant with a domicile within the working area of Bank Indonesia Head Office (KPBI); or
  - b. Bank Indonesia Regional Office cq. Monetary Policy Administrator Section or a concerning Section with reference to the working area as referred to in Appendix 2, for the applicant with a domicile outside the working area of KPBI.
9. In the case of a failure in the verification of the original documents as referred to in number 7, Bank Indonesia shall give a written notification to the applicant informing a refusal to give license and the reason for the refusal no later than 7 (seven) working days.
10. In the event that the verification process to check the truthfulness of the documents as referred to in number 7 meets the requirements, Bank Indonesia shall run an inspection of the PVA BB business location that includes the following:
  - a. the existence of the business location based on the proposed address;
  - b. The visibility...

- b. the visibility of the business location;
  - c. the supporting facilities that consist a minimum of:
    - 1) *counter desk*;
    - 2) counterfeited money detector;
    - 3) safe deposit box; and
    - 4) foreign exchange rate board.
11. The inspection on the location as referred to in number 10 shall be executed no later than 14 (fourteen) working days since the execution of the verification process based on the original documents.
  12. In the case of a failure in the inspection of the business location as referred to in number 10, Bank Indonesia shall give a written notification to the applicant regarding a refusal to give license and the reasons for the refusal, no later than 7 (seven) days after the inspection.
  13. In the event that the inspection of the business location as referred to in number 10 meets the requirements, Bank Indonesia shall stipulate a Decree to Grant License (KpmIU) which applies from the date of its release.
  14. The issuance of KPmIU as referred to in number 13 shall be executed no later than 21 (twenty one) working days after inspection of the business location.
  15. Bank Indonesia shall give a written notification to the applicant to take the KPmIU as referred to in number 13 at the address as referred to in point 8.a or point 8.b.
  16. The acquirement of KPmIU as referred to in number 15 shall be executed by a manager from the non-bank Moneychanger and cannot be substituted by and/or authorized to another party.
  17. A non-bank Moneychanger shall open for business no later than 60 (sixty) days after the issuance of KPmIU.
  18. A non-bank Moneychanger shall report the opening of business operation no later than 14 (fourteen) days after commencement of business operations from the address as referred to in point 8.a or point 8.b by using the form exemplified in Appendix 3.

19. PVA BB shall put a name plate of the company in sufficient and readable format, with the following remarks: “Pedagang Valuta Asing Berizin” and/or additional remarks: “Authorized Money Changer”, with the company’s name, number and date of the KPmIU according to the format in example 1 of Appendix 4.
20. Bank Indonesia shall announce the names of non-bank Moneychanger that obtain KPmIU on Bank Indonesia website (<http://www.bi.go.id>) or other media if considered necessary.

**B. Non-bank Moneychanger Branch Office Opening License**

The procedure for opening PVA BB Branch Office is stipulated as follows:

1. PVA BB head office shall submit a written application for licensing to open a branch office to Bank Indonesia to the address referred to in point A.8.a or point A.8.b using the form exemplified in Appendix 5.
2. The to open a branch office as referred to in number 1 must be supplemented with the following documents:
  - a. a photocopy of proof of ownership of the business location used as a branch office in the name of the managers and/or the shareholders, or a leasing/contract/usage agreement on the business location used as the branch office which is legalized by a notary public or notarial made;
  - b. a written statement from the managers and shareholders with sufficient revenue stamp stating that the intended branch office is an inseparable part of the non-bank Moneychanger head office;
  - c. a photocopy of letter of domicile of the company/business location of each branch office from the authorized party.
3. In the case of a failure in completing the documents referred to in number 2, Bank Indonesia shall give a written notification to the non-bank Moneychanger asking for a completion of the intended documents.
4. In the event that the completion of the documents as referred to in number 2 meets the requirements, Bank Indonesia shall give a written notification to the non-bank Moneychanger requiring for a submission of the original documents which later be matched with the copied documents as referred to in number 2.

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5. The verification to the original documents referred to in number 4 shall be executed at the intended address as referred to in point A.8.a or point A.8.b.
6. In the case of a failure to validate to the original documents as referred in number 4, Bank Indonesia shall give a written notification stating the refusal to grant a license for opening a branch office and the reasons of the refusal no later than 7 (seven) days after the verification process.
7. In the event that the verification to the original documents as referred to in number 4 meets the requirements, Bank Indonesia shall run an inspection on the business location of PVA BB branch office as referred to in point A.10.
8. The inspection on location as referred to in number 7 shall be executed no later than 14 (fourteen) days after verification to original documents.
9. In the case of a failure to meet the requirements in the inspection of the branch office referred to in number 7, Bank Indonesia shall give a written notification no later than 7 (seven) working days after the date of inspection on the location to the PVA BB stating the refusal to grant a license to open a branch office and reasons for the refusal.
10. In the event that in the inspection on the branch office as referred to in number 7 meets the requirements, Bank Indonesia shall publish a letter of approval to open a branch office commencing from the date of the release and becoming an inseparable part of KPmIU.
11. The issuance of the approval for opening a branch office as referred to in number 10 shall be no later than 14 (fourteen) working days after the inspection on the business location.
12. Bank Indonesia shall inform the approval for opening a branch office as referred to in number 10 to the concerned non-bank Moneychanger.
13. A non-bank Moneychanger shall open its branch office no later than 30 (thirty) days commencing from the date of issuance of approval for opening the branch office.
14. A non-bank Moneychanger having opened a branch office shall report the opening of the branch office to the address as referred to in point A.8.a or

A.8.b. by using...

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A.8.b by using the form as exemplified in Appendix 6 no later than 14 (fourteen) days after the opening of the intended branch office.

15. A non-bank Moneychanger having opened a branch office outside the working area of Bank Indonesia office where the non-bank Moneychanger head office is located shall give 1 (one) carbon copy of report on the opening of its branch office as referred to in number 14 to Bank Indonesia office wherein the non-bank Moneychanger branch office is located.
16. A non-bank Moneychanger having its license approved shall put on its company name plate stating clearly and readably: “Pedagang Valuta Asing” with or without the additional writing of: “Authorized Money Changer”, and stating the company name, the office status, number and date of KPmIU and number of approval for opening a branch office by following the format exemplified in example 2 of Appendix 4.

C. License for Change of Non-bank Money Changer Office Address

The procedure for changing of head or branch office address of a non-bank Moneychanger is as follows:

1. The head office of the non-bank Moneychanger shall submit an application for changing its office address to Bank Indonesia at the address referred to in point A.8.a or point A.8.b by using the form as exemplified in Appendix 7.
2. The letter of application for a change of office address as referred to in point 1 shall be completed with the following documents:
  - a. a copy of a letter as proof of ownership of the business location in the name of the managers or shareholders, or a leasing/contract/usage agreement on the new business location legalized by a notary public or made under notarial acts;
  - b. a copy of proof of domicile of the company/business location from an authorized body.
3. In the case of a failure in completing the documents referred to in number 2, Bank Indonesia shall give a written notification to the non-bank Moneychanger requesting for a completion of the intended documents.

4. Bank Indonesia...

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4. Bank Indonesia shall give a written notification to the non-bank Moneychanger upon the fulfillment of the documents referred to in number 2 requesting to show the original documents which later be matched with the copied documents referred to in number 2.
5. The verification to the original document as referred to in number 4 shall be executed at the address referred to in point A.8.a or point A.8.b.
6. In the event that the verification to the original document as referred to in point 4 fails to meet the requirements, Bank Indonesia shall give a written notification to the non-bank Moneychanger stating the refusal to approve the changing of office address and the reason for refusal no later than 7 (seven) working days after the verification.
7. In the event that the verification to the original documents as referred to in number 4 meets the requirements, Bank Indonesia shall have an inspection on the new office location including the inspection as referred to in point A.10.
8. The inspection on the location referred to in number 7 shall be executed no later than 14 (fourteen) working days after the verification to the original documents.
9. In the case of a failure to meet the requirements in the inspection of the branch office referred to in number 7, Bank Indonesia shall give a written notification to the non-bank Moneychanger stating a refusal to grant a license to open a branch office and reasons for the refusal no later than 7 (seven) working days after the date of inspection on the location.
10. In the event that in the inspection on the branch office referred to in number 7 meets the requirements, Bank Indonesia shall issue a letter of approval to open a branch office commencing from the date of the release and becoming an inseparable part of KPmIU.
11. The issuance of the approval for opening a branch office as referred to in number 10 shall be released no later than 14 (fourteen) working days after the inspection on the business location.

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12. Bank Indonesia shall give a written notification to the non-bank Moneychanger upon the approval for changing the office address as referred to in number 10.
13. A non-bank Moneychanger shall change the office address no later than 30 (thirty) days commencing from the date of issuance of approval for opening the branch office.
14. A non-bank Moneychanger having changed its office address shall report the opening of the branch office to the address as referred to in point A.8.a or A.8.b by using the form as exemplified in Appendix 6 no later than 14 (fourteen) days after the changing of office address.
15. The regulations for reporting the changing of a non-bank Moneychanger office address are as follows:
  - a. in the event that a non-bank Moneychanger having a change of head office address outside the working area of Bank Indonesia office of its original place shall give report of the execution of the change of its head office address referred to in number 14 to Bank Indonesia office of its new location and send a carbon copy to bank Indonesia office of its original location.
  - b. In the event that a non-bank Moneychanger having a change of branch office address outside the working area of Bank Indonesia office of its original place, the non-bank Moneychanger head office shall give report of the execution of the change of its branch office address referred to in number 14 to Bank Indonesia office whereas the head office is located and send a carbon copy to the Bank Indonesia office of its branch office new location.
16. In the event that a non-bank Moneychanger having changed its head office address to location outside the working area of Bank Indonesia office of its original place, the supervision of the non-bank Moneychanger shall be under Bank Indonesia office in the region where the non-bank Moneychanger new head office is located.

17. A non-bank...

17. A non-bank Moneychanger having granted an approval for a change of address shall put on its company name plate stating clearly and readably: “Pedagang Valuta Asing” with or without the additional writing of: “Authorized Money Changer”, and stating the company name, the office status, number and date of KPmIU and number of approval for opening a branch office by following the format exemplified in example 2 of Appendix 4.

D. License for Changing a Non-bank Moneychanger Managers and/or Shareholders Composition

The procedure for changing the managers and/or shareholders composition of a non-bank Moneychanger is as follows:

1. The head office of the non-bank Moneychanger shall submit an application for a license to change its managers and/or shareholders composition to Bank Indonesia at the address referred to in point A.8.a or point A.8.b by using the form as exemplified in Appendix 9.
2. The letter of application for a license to change the managers and/or shareholders as referred to in point 1 shall be completed with the following documents:
  - a. a list of the proposed candidate managers and/or shareholders;
  - b. a copy of a valid personal identification of the proposes managers and/or shareholders;
  - c. a letter of statement with sufficient revenue stamp from the managers and the shareholders that the candidate managers and shareholders are not listed as having drawn bad cheque/bilyet giro (non-negotiable clearing payment orders) and do not owe bad debts as listed in the administration of Bank Indonesia.
3. In the case of a failure in completing the documents referred to in number 2, Bank Indonesia shall give a written notification to the non-bank Moneychanger requesting a completion of the intended documents.

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4. In the event that the completion the documents referred to in number 2a meets the requirements, Bank Indonesia shall investigate the validity of the documents referred to in point 2.c.
5. In the case of a failure to meet the requirements in the verification of the documents referred to in number 4, Bank Indonesia shall give a written notification to the non-bank Moneymarket to change the proposed managers and/or shareholders composition and the reasons for the change.
6. In the event that the verification of the documents as referred to in number 5 meets the requirements, Bank Indonesia shall give a written notification requiring the non-bank Moneymarket to exhibit the original documents in order to match them with the photocopied documents as referred to in number 2.
7. The validation process referred to in number 6 shall be executed at the address as referred to in point A.8.a or point A.8.b.
8. In the case of a failure in the verification of the original documents as referred to in number 7, Bank Indonesia shall give a written notification to the applicant containing the refusal to give license and the reason of refusal no later than 7 (seven) working days after the verification process of the documents.
9. In the event that the verification to the original documents referred to in number 6 meets the requirements, Bank Indonesia shall issue a letter of approval for changing the managers and/or shareholders composition.
10. The issuance of letter of approval for changing the compositions of managers and/or shareholders as referred to in number nine shall take place no later than 14 (fourteen) working days after the verification to the original documents.
11. Bank Indonesia shall give notification to the non-bank Money changer on the issuance of the letter of approval for changing the composition of managers and/or shareholders as referred to in number 9.

12. The non-bank...

12. The non-bank Moneychanger shall submit a photocopy of license for changing the composition of managers and/or shareholders made by notarial acts as referred to in point A.8.a or point A.8.b.

E. Suspension of a Non-Bank Moneychanger Business Operation

1. A permanent cessation is subject to the following provisions:

- a. Head Office

- 1) A non-bank Moneychanger shall submit a written report to Bank Indonesia stating the reasons for a permanent cessation of the head-office operation by enclosing the following documents:
  - a) the original KPmIU
  - b) a photocopy of summary of Shareholder General Meetings concerning the permanent cessation of the Moneychanger business operation legalized by a public notary or made under notarial acts;
  - c) the original license for opening a branch office.
- 2) The report and enclosed documents as referred to in number 1) shall be submitted to the address as referred to in point A.3.a and A.3.b by using the form exemplified in Appendix 10.
- 3) In the event that a non-bank Moneychanger having its branch office outside the working area of Bank Indonesia office of the Moneychanger head office, the non-bank Moneychanger shall submit 1 (one) carbon copy of the report on its permanent cessation to the Bank Indonesia office where the concerned non-bank Moneychanger branch office is located.
- 4) In the event that the completion of the documents as referred to in number 1) fails to meet the requirements, Bank Indonesia shall give a written notification requiring the non-bank Moneychanger to complete the intended documents.
- 5) In the event that the completion of documents as referred to in number 1) meets the requirements, Bank Indonesia shall release a Decree of Business License Revocation (KPnIU) declaring the

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business license of the intended non-bank Moneychanger shall be no longer valid commencing since the date of its revocation.

- 6) The issuance of KPnIU as referred to in number 5) shall be conducted no later than 14 (fourteen) working days after document completion.
- 7) Bank Indonesia shall give a written notification to the non-bank Moneychanger requiring to obtain the KPnIU at the address as referred to in point A.8.a or point A.8.b.
- 8) Bank Indonesia shall announce the names of non-bank Moneychanger having their licenses revoked as referred to in number 5) on Bank Indonesia website at <http://www.bi.go.id> or other media if considered necessary.

b. Branch Office

- 1) The non-bank Moneychanger head office shall give a written report to Bank Indonesia regarding the reasons for a permanent cessation of its branch office supported by original documents of the letter of approval for branch office opening to the address as referred to in point A.8.a or point A.8.b by using the form as exemplified in Appendix 10.
- 2) In the event that the non-bank Moneychanger branch office as referred to in number 1) having its location outside the working area of the Bank Indonesia office of its head office, the non-bank Moneychanger shall submit 1 (one) copy of a report on the permanent cessation of its branch office to the Bank Indonesia office under which the concerned branch office is domiciled.
- 3) In the event that the document completion as referred to in number 1) fails to meet the requirements, Bank Indonesia shall give a written notification requiring the non-bank Moneychanger to complete the intended documents.
- 4) In the event that the completion of the documents as referred to in number 1) meets the requirements, bank Indonesia shall issue a letter

of approval...

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of approval for a permanent cessation of the intended branch office commencing from the date of its release.

- 5) The issuance of a license for a permanent cessation of branch office as referred to in number 4) shall be conducted no later than 7 (seven) working days after the completion of the required documents.
  - 6) Bank Indonesia shall give a written notification concerning the license for a permanent cessation of the branch office as referred to in number 4) to the concerned non-bank Moneychanger.
2. A temporary suspension of a business operation of a head office and/or branch office is subject to the following provisions:
- a. A non-bank Moneychanger head office shall submit a written report to Bank Indonesia stating the reasons for a temporary suspension of the head-office and/or branch office business operation to the address as referred to in point A.8.a or point A.8.b by using the form as exemplified in Appendix 10.
  - b. In the event that a non-bank Moneychanger having its branch office outside the working area of Bank Indonesia office of the Moneychanger head office, the non-bank Moneychanger shall submit 1 (one) carbon copy of a report on a non-bank Moneychanger temporary suspension to the Bank Indonesia office where the concerning non-bank Moneychanger branch office is located.
  - c. The temporary suspension as referred to in letter a shall be conducted no later than 1 (one) year after the date of application.
  - d. Bank Indonesia shall issue a license for temporary suspension of the head office and/or branch office business operation commencing from the date of its release.
  - e. The issuance of a license for a temporary suspension of a head office and/or branch office business operation as referred to in letter d shall be conducted no later than 7 (seven) days after receiving a report on a temporary suspension of its business operation and being listed in the administration of Bank Indonesia.

f. Bank Indonesia...

- f. Bank Indonesia shall give a notification concerning a license for temporary suspension of a head office and/or branch office business operation as referred to in letter d.
- g. A non-bank Moneychanger shall re-open for business no later than 30 (thirty) days after the expiration of the period of temporary suspension for its head office and/or branch office business operation.
- h. The re-opening of business operation as referred to in letter g shall be reported to Bank Indonesia to the address as referred to in point A.8.a or point A.8.b no later than 14 (fourteen) days after the re-opening of business operation of the head office and/or branch office by using the form as exemplified in Appendix 11.

## II. THE PROCEDURE FOR THE IMPLEMENTATION OF KNOW YOUR CUSTOMER PRINCIPLES

A. In order to support the effort to prevent money laundering acts either directly or indirectly, non-bank Moneychangers shall implement Know Your Customer Principles as regulated in Guidebook II A concerning the Identification of Suspicious Financial Transaction and Guidebook III A concerning the Procedures for Reporting Suspicious Financial Transaction published by the Center for Report and Analysis of Financial Transaction (PPATK) for Moneychangers so as to use as a reference for non-bank Moneychangers in applying the reference for Know Your Customer Principles as follows:

1. Customer identification shall comprise the following points:

a. Investigating Customer Identification

A non-bank Moneychanger must investigate the identity of each Customer having performed a transaction of more than Rp. 100,000,000,- (one hundred million Rupiahs) or in the same amount in foreign banknote in one day single by performing the following minimum provisions:

1) Individual

a) requesting Customers to exhibit personal ID such as KTP, Driving License or Passport;

b) Checking the...

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- b) Checking the appropriateness of the Customer and the ID by checking the likeness between photograph and signature with the Customer.

- 2) Company

- a) requesting Customers to show their personal ID such as business license and/or Personal Taxpayer ID;
- b) checking the likeness between the Customer and their ID.

In the event that a Customer fails to proof his/her ID, and/or the officer of the non-bank Moneychanger has a doubt for the originality/truthfulness of the Customer identification, the transaction shall not be taking place.

- b. Transactional Record

Non-bank Moneychangers shall have a record on each Customer performing a single transaction of more than Rp. 100,000,000,- (one hundred million Rupiahs) or with the same amount in foreign banknotes in one day.

- 1) Individual

- a) name and address of the Customer;
- b) place and date of birth
- c) occupation;
- d) nationality;
- e) ID card number;
- f) the value of the transaction;
- g) date of the transaction.

- 2) Company

- a) name and address of the Customer;
- b) field of business;
- c) business license number;
- d) Taxpayer ID Number;
- e) the value of the transaction;
- f) date of the transaction.

c. Transactional...



c. Transactional Document Keeping

Data and document of the transactions as referred to in letter b shall be administered by a non-bank Moneychanger no later than 5 (five) years after the date of the transactions.

2. Identification of Suspicious Financial Transaction

a. Suspicious transactions basically comprises the following criteria:

- 1) unusual transaction deferred from the transactional profile, characteristic or pattern usually performed by the Customer;
- 2) a transaction suspected to avoid the report supposedly done by the non-bank Moneychanger;
- 3) a transaction being performed or cancelled using source of Wealth suspected to be originated from a Criminal Act.

b. If a financial transaction fulfills one or more than one criteria as referred to in letter a, the non-bank Moneychanger shall announce it as a Suspicious Financial Transaction and shall report it to PPATK no later than 3 (three) working days after the non-bank Moneychanger identify the Suspicious Financial Transaction based on the applicable provisions.

c. A non-bank Moneychanger shall use the indicators of a Suspicious Financial Transaction in identifying the fulfillment of one or more than one criteria as referred to in letter a, which comprises the following:

- 1) foreign banknote selling transaction, including:
  - a) a transaction with an unusual amount deferred from the usual transaction done by the Customer (for the Customer having performed a lot of transactions with the intended non-bank Moneychanger);
  - b) a small amount transaction performed frequently;
  - c) a transaction performed in the name of several different individuals for the benefit of a single definite person;
  - d) selling and buying of foreign banknotes in a relatively big amount;
  - e) a Customer having sold TC in a relatively big amount;

f) a transaction...

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- f) a transaction unrelated to the business field of the Customer;
  - g) a Customer asking for payment for selling of foreign currency using a cheque;
  - h) a Customer requesting a payment of selling/buying of foreign exchange to be transferred to the Customer or another party account;
  - i) a Customer requesting the payment for selling/buying of foreign currency be given to another party;
  - j) a Customer requesting payment for a selling/buying of foreign currency with big nomination;
  - k) a Customer willing to be charged lower than the applicable foreign exchange rates.
- 2) the attitude of a non-bank Moneychanger that comprises:
- a) suspicious attitudes of a Customer during a transaction (being nervous, in a rush, unconfident, etc.);
  - b) a Customer having given untruthful information concerning the Customer identity;
  - c) a Customer having given a suspicious document of identification or suspected of fraud identification such as different signature or photograph,
  - d) a Customer having refused or been reluctant to give the requested document/information to the non-bank Moneychanger officer without clear reasoning;
  - e) a Customer having attempted to influence a non-bank Moneychanger officer to not reporting the Suspicious Financial Transaction in any way.

If a non-bank Moneychanger is doubtful after the process of identifying a Suspicious Transaction, it is suggested that the non-bank Moneychanger shall make a report of a Suspicious Financial Transaction to PPATK, in order to prevent avoidable risks including the risk to be imposed under sanction in comply with the applicable provisions.

B. A non-bank...

- B. A non-bank Moneychanger shall stipulate the policy and procedure for risk management in comply with Know Your Customer Principle, comprises the following points:
1. adequate supervision and knowledge of the non-bank Moneychanger office staff in identifying and minimizing possible risks in the implementation of Know Your Customer Principle;
  2. delegation of authority from the Director of a non-bank Moneychanger to the staffs including the authority to conduct Customer transaction;
  3. task and responsibilities division, including separation of business function and internal supervision;
  4. internal supervision system, including a good internal controlling system both functionally and closely to ensure Know Your Customer Principle is implemented in compliance with the stipulated policy and procedure;
  5. training program for employees on the implementation of Know Your Customer Principle that includes a continuous periodical training program to improve the skill and knowledge of the managers/staffs responsible for the implementation of Know Your Customer Principle.
- C. A non-bank Moneychangers shall be obliged to arrange the policy and procedure for the application of Know Your Customer Principle comprising the points referred to in letter A and letter B no later than 12 (twelve) months after the promulgation of the referred Bank Indonesia Regulation above and submit 1 (one) copy to Bank Indonesia to the address as referred in point I.A.3.a or point I.A.3.b.

### III. PROCEDURE FOR SUPERVISION

1. Bank Indonesia shall supervise non-bank Moneychangers, both directly and indirectly.
2. In the case of a direct supervision, bank Indonesia shall conduct inspection that comprises general inspection or special inspection.
3. General inspection as referred to in number 2 encompasses the following points:
  - a. a verification on the truthfulness and accuracy of the reports submitted to Bank Indonesia;

b. an investigation...

- b. an investigation on the management policy (including organizational, financial, and internal supervision aspects) and business operation system and procedure;
  - c. an investigation on the compliance over the applicable provisions.
- 4. A special surveillance as referred to in number 2 is incidental in nature and conducted only when considered necessary.
- 5. A non-bank Moneychangers shall provide and/or submit the documents required by the investigating staff for the purpose of the investigation as referred to in number 3 and number 4.
- 6. The investigating staff as referred to in number 5 shall be equipped with a letter of appointment from Bank Indonesia.
- 7. In the event of an indirect supervision, Bank Indonesia shall supervise the compliance over the conduct of the applicable provisions, including a submission of prearranged report.
- 8. In the event of an indirect supervision, Bank Indonesia may appoint Moneychanger Association or other party subject to the following provisions:
  - a. the investigating staffs are equipped with a letter of appointment from Bank Indonesia;
  - b. investigating report shall be submitted to Bank Indonesia;
  - c. Bank Indonesia shall follow up the result of the intended investigation;
  - d. other appointed association or party shall supervise the implementation of the follow up as referred to in the aforementioned Bank Indonesia Regulation shall a non-bank Moneychanger conduct a violation.
- 9. Bank Indonesia shall be able to appoint Moneychanger Association or other party to conduct a training for a non-bank Moneychanger.

#### IV. PROCEDURE FOR REPORTING

- 1. A non-bank Moneychanger shall submit a periodical report in the form of business operation report, financial report, special report, and other reports to Bank Indonesia, subject to the following regulations:
  - a. Periodical Report
    - 1) Business Operation Report

A non-bank...

Unofficial Translation

A non-bank Moneychanger shall submit a report on the transaction of buying and selling of UKA and buying of TC every three months no later than the end of the following month by using the form as exemplified in Appendix 12, for example: a quarterly report I (January, February and March) received by Bank Indonesia no later than the end of April of the current year.

2) Financial Report

Financial Report shall consist of Balance Sheet at the end of the current year and Profit/Loss Report of the current year period. These reports shall be received by Bank Indonesia no later than the end of the month of the following year by using the forms as exemplified in Appendix 13.a and 13.b.

b. Special Report

If considered necessary, Bank Indonesia shall require a special report incidentally to a non-bank Moneychanger.

c. Other Report

Besides the reports referred to in letter a and letter b, a non-bank Moneychangers shall submit reports related to the activity of foreign exchange traffic and money laundering act in comply with the applicable laws.

2. Periodical report as referred to in point 1.a.1) and point 1.a.2) shall be prepared by non-bank Moneychanger head office that comprises a consolidated report of the head office and branch office.
3. A branch office of a non-bank Moneychanger having domiciled outside the working area of the Bank Indonesia office where the non-bank Moneychanger head office is located shall give 1 (one ) copy of Business Operation Report to the Bank Indonesia Office where the non-bank Moneychanger branch office is located.
4. The reports as referred to in point 1.a and point 1.b shall be made truthfully and accurately and stamped with the company stamp and signed by the non-bank Moneychanger managers.

5. The report...

5. The report as referred to in number 4 shall be submitted to the address as referred to in point I.A.8.a and point I.A.8.b

#### V. PROCEDURE FOR IMPOSITION OF SANCTION

The procedure for imposition OF sanction to a non-bank Moneychanger shall be stipulated as follows:

1. Bank Indonesia shall give a written notification to a non-bank Moneychanger having violated the aforementioned Bank Indonesia regulation in the form of a first warning, second warning, summoning the managers and/or shareholders, and revocation of the business license.
2. Bank Indonesia shall impose sanction of a first and second warning if a non-bank Moneychanger violate the stipulated provisions in Article 31 paragraph (2) and paragraph (3) of the aforementioned Bank Indonesia Regulation.
3. A non-bank Moneychanger shall be obliged to give a written response about the applied sanction as referred to in number 2, with the following time period:
  - a. A first warning, shall be followed up no later than 3 (three) months after the date of the release.
  - b. A second warning, shall be followed up no later than 3 (three) months after the releasing date.
4. A letter of response as referred to in number 3 shall be submitted to the address referred to in point I.A.8.a or point I.A.8.b.
5. In the event that a non-bank Moneychanger fails to give response to the imposition of sanction as referred to in point 3b, and/or commit a violation as referred to in Act 31 paragraph (4) of the aforementioned Bank Indonesia Regulation, Bank Indonesia shall impose sanction of summoning the managers and/or shareholders subject to the following regulations:
  - a. The non-bank Moneychanger is obliged to identify and/or to follow up the sanction no later than 6 (six) months after the releasing date for summoning the managers and/or shareholders.
  - b. the presence of managers and/or shareholders shall not be substituted and/or authorized to another party;

c. a summoning...

- c. a summoning of managers and/or shareholders shall take place at the address referred to in point I.A.8.a or point I.A.8.b;
  - d. the managers and/or shareholders shall prepare a written statement with sufficient revenue stamp explaining the follow-up activity plan.
6. In the event that a non-bank Moneychanger ignoring and/or fails to comply with the sanction of summoning of managers and/or shareholders within the maximum of 6 (six) months after the summoning sanction for managers and/or shareholders is released, Bank Indonesia shall apply the sanction of revocation of business license for the concerned non-bank Moneychanger, subject to the following provisions:
- a. Bank Indonesia shall give a written notification on the revocation of business license to the concerned non-bank Moneychanger by enclosing a KPnIU stating the non-bank Moneychanger business license is revoked and no longer valid and requesting the non-bank Moneychanger to return its original KPmIU to the address referred to in point I.A.3.a or point I.A.3.b.
  - b. Bank Indonesia shall announce the non-bank Moneychangers having their business licenses revoked as referred to in letter a on Bank Indonesia website (<http://www.bi.go.id>) or other media if considered necessary.

## VI. CONCLUDING PROVISION

With the promulgation of this Bank Indonesia Circular Letter, Bank Indonesia Circular Letter Number 5/2/DPM dated February 3, 2003 concerning the Procedure for Licensing and Supervision of Non-Bank Moneychangers is declared no longer valid.

The provisions in this Circular Letter shall come into force since March 11, 2004.

For the public to be informed, it is ordered that this Circular Letter be promulgated in the State Gazette of the Republic of Indonesia.

Kindly be informed.

BANK INDONESIA,

Ttd.

BUDI MULYA

DIRECTOR OF MONETARY MANAGEMENT